

# Capital IT & Equipment/Capitalized Bond Premium

## Funding Schedule by Activity

(Accrued Expenditures)

	(dollars in thousands)				
	FY 2004	FY 2005	FY 2006	\$ Change	% Change
Capital Information Technologies & Equipment .....	28,081	35,022	36,491	+1,469	+4.2%
Capitalized Bond Premium .....	0	0	0	0	0.0%
Total, Capital Equipment/Capitalized Bond Premium .....	28,081	35,022	36,491	+1,469	+4.2%

## Description

Capital Information Technologies and Equipment provides for the acquisition of general and some dedicated business line special purpose capital information technologies, and acquisition of special-use capital and IT equipment in support of Bonneville's strategic objectives.

As part of a major efficiency effort and in support of the President's Management Initiative on Expanded Electronic Government, BPA is consolidating its IT management. This FY 2006 budget incorporates the results of the consolidation efforts. BPA is seeking additional efficiencies as part of the consolidation of IT. The IT consolidation initiative is targeted to: eliminate redundancies in tools and applications; establish an agency wide IT architecture with standardized IT purchasing criteria; consolidate licensing processes and minimize agency liabilities through stronger contracts; improve IT project management; and formulate an agency IT portfolio cost management strategy. The consolidated IT budget in this FY 2006 budget, under Capital Information Technologies and Equipment, starting in FY 2005, includes all IT functions within the agency except TBL grid operations. See the Capital Program – Transmission Services Business Line section of this budget for additional discussion of transmission-related IT requirements acquisitions.

Bonneville incurs a bond premium whenever it repays a Treasury bond before the due date. When bonds are refinanced, the bond premiums incurred are capitalized. Historically, Bonneville generally has chosen to finance capitalized bond premiums with bonds issued to the Treasury, as was envisioned in the Transmission System Act of 1974.

## Detailed Justification

(dollars in thousands)

	FY 2004	FY 2005	FY 2006
<b>Capital Equipment</b> .....	<b>28,081</b>	<b>35,022</b>	<b>36,491</b>
<ul style="list-style-type: none"> <li>■ Includes enhancements to Bonneville's information technology processes to provide cost effective efficiencies for secure, timely and accurate information. Continue enhancements to Bonneville's Enterprise systems that are designed to link key information systems throughout Bonneville and improve business processes. Current efforts include functional expansion into areas not implemented during the initial development phase. Acquire capital office furniture and equipment, capital automatic data processing (ADP) -based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for certain Bonneville programs.</li> </ul>			
<b>Capitalized Bond Premium</b> .....	<b>0</b>	<b>0</b>	<b>0</b>
<ul style="list-style-type: none"> <li>■ Continue to assess financial market and when cost-effective, refinance available bonds as prudent.</li> </ul>			
<b>Total, Capital Equipment/Capitalized Bond Premium</b> .	<b>28,081</b>	<b>35,022</b>	<b>36,491</b>

## Explanation of Funding Changes

	FY 2006 vs. FY 2005 (\$000)
<b>Capital Equipment</b>	
<ul style="list-style-type: none"> <li>■ Slight increase reflects continuing emphasis on IT improvements .....</li> </ul>	+1,469
<b>Capitalized Bond Premium</b>	
<ul style="list-style-type: none"> <li>■ No change .....</li> </ul>	0
<b>Total, Funding Change Capital Equipment/Capital Bond Premium</b> .....	<b>+1,469</b>